

Message Text

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SUBJECT: US-YUGOSLAV ECONOMIC COUNCIL AGRO-BUSINES
SYMPOSIUM

REF: BELGRADE 0452

1. RECENT DISCUSSIONS IN OUR DISTRICT CONFIRM THAT YUGOSLAVIA
PLANNERS ARE BEGINNING TO ASSIGN REAL PRIORITY TO THE FOOD
PRODUCTION AND PROCESSING SECTOR WHICH THEY NOW INCREASINGLY
VIEW AS "STRATEGIC."

ONE EMERGING ASSUMPTION SEEMS TO BE THAT YUGOSLAVIA SHOULD
BECOME A PREDICTABLE NET EXPORTER OF GRAINS TO ENABLE, INTER ALIA,
LONG-TERM DELIVERY CONTRACTS TO OIL PRODUCERS. THIS COULD REQUIRE
DEVELOPMENT OF NEW, LARGE-SCALE ARABLE ACREAGES THROUGH SUCH MEANS
AS LAND RECLAMATION PROJECTS FOR WHICH YUGOSLAVS MIGHT SEEK
FINANCING FROM OIL PRODUCERS. ONE LOCAL STORY HAS IT THAT IRAN
IS INTERESTED IN A LONG-TERM PURCHASE ARRANGEMENT FOR CORN
OUTPUT FROM 120,000 ACRES.

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2. IN ADDITION GRAINS, PRIMARY PRODUCTION AND PROCESSING OF

SUGAR, EDIBLE OILS, AND VEGETABLES WILL BE STRESSED. OTHER POTENTIAL MAJOR PROJECTS INCLUDE DAIRY HERDS (PARA 7B(4) REFTTEL) AND RANCH-STYLE BEEF RAISING; HERE AMERICAN FIRMS ARE ALREADY ENGAGED IN DISCUSSIONS. INTEREST ALSO EXISTS IN FROZEN FOODS AND PRE-COOKED MEALS, THOUGH LARGE-SCALE MARKET DEVELOPMENT MAY STILL BE A FEW YEARS AWAY. DIETETIC AND DIABETIC FOODS PRODUCTION ALSO OFFERS SOME POTENTIAL.

3. AS POTENTIAL WAY OF TAKING "NEXT STEP IN US" AFTER SUCH AN EVENT AS THE USYEC SYMPOSIUM, ONE PROMINENT FOOD PROCESSING EXECUTIVE (PAVLE GAZI, GENERAL DIRECTOR OF PODRAVKA) HAS SUGGESTED POSSIBILITY OF MOUNTING A "YUGOSLAV WEEK" IN NEW YORK AT WHICH COMPLETE RANGE OF EXISTING PRODUCTS OF YUGOSLAV FOOD PROCESSING INDUSTRY COULD BE EXHIBITED. INDUSTRY COULD SEND TECHNICAL AS WELL AS MARKETING PEOPLE TO SUCH AN EXHIBIT SO THAT DISCUSSION WITH AMERICAN COUNTERPARTS COULD ALSO FOCUS ON PLANS FOR INVESTMENT AND EQUIPMENT PURCHASES AS WELL AS SALES.

4. COMMENT: INTERESTINGLY, PLANNING FOR EVEN LARGE PROJECTS COULD USEFULLY INCLUDE SIGNIFICANT PARTICIPATION OF THE PRIVATE SECTOR (IN THE FORM OF SUBCONTRACTING, COOPERATION, ETC.). SOCIAL SECTOR FARMS REPORTEDLY PREPARED IN PRINCIPLE TO PROVIDE SUBSTANTIAL FINANCING TO THEIR "COOPERANTS" IN KNOWLEDGE THAT PEASANTS WILL INVEST MORE PERSONAL TIME THAN HIRED EMPLOYEES. IN ORDER ASSURE DECENT INCOME FROM SMALL HOLDINGS, FAIRLY CAPITAL INTENSIVE APPROACH MAY BE REQUIRED IN AREAS SUCH AS SWINE AND POULTRY RAISING. COOPERATIVES PROGRAM HAS RECEIVED POSITIVE EMPHASIS IN MEDIA HERE RECENTLY ALSO BECAUSE (WE ARE PRIVATELY INFORMED) OFFICIALS SEE THIS AS POTENTIALLY COST EFFECTIVE MEANS SOP UP LABOR SURPLUSES GENERATED BY STAGNATION OF GUEST WORKER EMPLOYMENT IN WESTERN EUROPE.
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